

House File 533 - Introduced

HOUSE FILE 533
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HF 227)

A BILL FOR

1 An Act providing for entrepreneurial education funds for
2 student organizations and clubs and including effective date
3 and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.6, subsection 1, paragraph a,
2 subparagraph (1), Code 2013, is amended to read as follows:

3 (1) Except for entities organized under chapter 28E having
4 gross receipts of one hundred thousand dollars or less in
5 a fiscal year, the financial condition and transactions of
6 all government subdivisions shall be audited at least once
7 each year, except that cities having a population of seven
8 hundred or more but less than two thousand shall be examined
9 at least once every four years, and cities having a population
10 of less than seven hundred may be examined as otherwise
11 provided in this section. The audit of school districts shall
12 include an audit of all school funds including categorical
13 funding provided by the state, the certified annual financial
14 report, the certified enrollment as provided in section 257.6,
15 supplementary weighting as provided in section 257.11, and the
16 revenues and expenditures of any nonprofit school organization
17 established pursuant to section 279.62, and entrepreneurial
18 education funds established pursuant to section 298A.15.

19 Differences in certified enrollment shall be reported to the
20 department of management. The audit of school districts shall
21 include at a minimum a determination that the laws of the
22 state are being followed, that categorical funding is not
23 used to supplant other funding except as otherwise provided,
24 that supplementary weighting is pursuant to an eligible
25 sharing condition, and that postsecondary courses provided in
26 accordance with section 257.11 and chapter 261E supplement,
27 rather than supplant, school district courses. The audit of
28 a city that owns or operates a municipal utility providing
29 local exchange services pursuant to chapter 476 shall include
30 performing tests of the city's compliance with section 388.10.
31 The audit of a city that owns or operates a municipal utility
32 providing telecommunications services pursuant to section
33 388.10 shall include performing tests of the city's compliance
34 with section 388.10.

35 Sec. 2. Section 12B.10, subsection 6, Code 2013, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. *m.* Investments by a student organization or
3 club of moneys from an entrepreneurial education fund governed
4 by section 298A.15.

5 Sec. 3. NEW SECTION. **298A.15 Entrepreneurial education**
6 **funds.**

7 1. *Funds established — purposes.* For the purposes of
8 enhancing student learning by encouraging students to develop
9 and practice entrepreneurial skills at an early age and of
10 fostering a business-ready workforce in this state, a school
11 corporation may establish an entrepreneurial education fund at
12 the request of a student organization or club and upon approval
13 by the school board. An entrepreneurial education fund is a
14 special revenue fund and shall consist only of moneys earned
15 through entrepreneurial activities or returns on investments
16 made for entrepreneurial purposes by the student organization
17 or club, private donations and private contributions, and any
18 interest earned on such moneys, that are deposited in the
19 fund. Moneys in the fund shall be used only for investments
20 made, or activities undertaken, for entrepreneurial purposes
21 in accordance with this section. The student organization
22 or club may designate an entrepreneurial purpose for the use
23 of moneys in the fund in accordance with this section. A
24 school corporation may expend moneys in the fund for use by the
25 student organization or club in accordance with this section
26 upon approval of the designated entrepreneurial purpose by the
27 school board. A school organization or club shall deposit
28 any return on an investment made with moneys from the fund
29 in the school corporation's entrepreneurial education fund.
30 The school corporation shall not transfer or contribute to
31 the fund any other moneys that are not moneys earned through
32 entrepreneurial activities or returns on investments made for
33 entrepreneurial purposes by the student organization or club.

34 2. *Funds transferred.* At the request of a student
35 organization or club and upon approval by the school board, a

1 school corporation shall transfer moneys in a student activity
2 fund established under section 298A.8, for deposit by the
3 student organization or club in an entrepreneurial education
4 fund. However, a school corporation shall not transfer such
5 moneys unless the moneys are attributable through appropriate
6 documentation to the specific student organization or club
7 and unless the student organization or club shows through
8 appropriate documentation that the student organization or club
9 earned the moneys through entrepreneurial activities as defined
10 in subsection 4, paragraph "a".

11 3. *Conflicts of interest prohibited.* A student organization
12 or club shall not invest moneys from an entrepreneurial
13 education fund for an entrepreneurial purpose in which a member
14 of the student organization or club, an advisor or supervisor
15 of the student organization or club, or an immediate family
16 member of such persons, has a financial interest. Sections
17 279.7A and 301.28 apply to this section.

18 4. *Definitions.* For purposes of this section:

19 a. *"Entrepreneurial activities"* means starting, maintaining,
20 or expanding a business venture, including a seasonal business
21 venture.

22 b. *"Entrepreneurial purpose"* means establishing or investing
23 in a start-up company, early-stage company, or existing
24 company developing a new product or new technology if the
25 investment is in keeping with the education program of the
26 school corporation; if the student organization or club or its
27 members will, as a stated condition of the investment, take an
28 active role in the company which active role directly relates
29 to and furthers the educational purposes for which the student
30 organization or club is established; and if a reasonable return
31 upon the investment is expected.

32 c. *"Immediate family member"* means a spouse; natural or
33 adoptive parent, child, or sibling; or stepparent, stepchild,
34 or stepsibling.

35 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

2 Sec. 5. APPLICABILITY. Section 298A.15, subsection 2, as
3 enacted in this Act, applies to moneys in a student activity
4 fund established under section 298A.8, on and after the
5 effective date of this Act, that are attributable through
6 appropriate documentation to a specific student organization
7 or club and that were earned by the student organization or
8 club through entrepreneurial activities as defined in section
9 298A.15, subsection 4, paragraph "a".

10

EXPLANATION

11 This bill permits a school corporation, at the request of a
12 student organization or club and upon approval of the school
13 board, to establish an entrepreneurial education fund for the
14 purposes of enhancing student learning by encouraging students
15 to develop and practice entrepreneurial skills at an early age
16 and of fostering a business-ready workforce in Iowa. The bill
17 provides that an entrepreneurial education fund is a special
18 revenue fund and can consist only of moneys earned through
19 entrepreneurial activities or returns on investments made for
20 entrepreneurial purposes by the student organization or club,
21 private donations and private contributions, and any interest
22 earned on such moneys, that are deposited in the fund. The
23 bill provides that moneys in the fund can only be used for
24 investments made or activities undertaken for entrepreneurial
25 purposes in accordance with the bill.

26 The bill provides that the student organization or club may
27 designate an entrepreneurial purpose for the use of moneys in
28 the entrepreneurial education fund in accordance with the bill.
29 The bill permits a school corporation to expend moneys in the
30 fund for use by the student organization or club in accordance
31 with the bill upon approval of the designated entrepreneurial
32 purpose by the school board. The bill requires the school
33 organization or club to deposit any return on an investment
34 made with moneys from the fund in the fund. The bill prohibits
35 a school corporation from transferring or contributing to

1 the fund any other moneys that are not moneys earned through
2 entrepreneurial activities or returns on investments made for
3 entrepreneurial purposes by the student organization or club.

4 The bill requires a school corporation, upon request
5 of a student organization or club and upon approval by
6 the school board, to transfer moneys in a student activity
7 fund for deposit by the student organization or club in an
8 entrepreneurial education fund. However, the bill prohibits
9 a school corporation from transferring such moneys unless the
10 moneys are attributable through appropriate documentation
11 to the specific student organization or club and unless
12 the student organization or club shows through appropriate
13 documentation that the student organization or club earned the
14 moneys through entrepreneurial activities.

15 The bill prohibits a student organization or club from
16 investing moneys from an entrepreneurial education fund for
17 an entrepreneurial purpose in which a member of the student
18 organization or club, an advisor or supervisor of the student
19 organization or club, or an immediate family member of such
20 persons, has a financial interest. The bill applies other
21 prohibitions of conflicts of interest to entrepreneurial
22 education funds.

23 The bill defines "entrepreneurial activities" as starting,
24 maintaining, or expanding a business venture, including a
25 seasonal business venture. The bill defines "entrepreneurial
26 purpose" as establishing or investing in a start-up company,
27 early-stage company, or existing company developing a new
28 product or new technology if the investment is in keeping with
29 the education program of the school corporation; if the student
30 organization or club or its members will, as a stated condition
31 of the investment, take an active role in the company which
32 directly relates to and furthers the educational purposes for
33 which the student organization or club is established; and if a
34 reasonable return upon the investment is expected.

35 The bill specifies that entrepreneurial education funds

1 are subject to the annual auditing requirements applicable to
2 government subdivisions including school districts in Code
3 section 11.6.

4 The bill excludes investments of moneys from entrepreneurial
5 education funds from the limitations on the investment of
6 public funds in Code section 12B.10.

7 The bill takes effect upon enactment.

8 The bill applies to moneys in a student activity fund on
9 and after the effective date of the bill that are attributable
10 through appropriate documentation to a specific student
11 organization or club, and that were earned by the student
12 organization or club through entrepreneurial activities.